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OPTIONAL FORM 41 (Rev. 7-76)  
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**EXECUTIVE SECRETARIAT**  
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Remarks

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*MT* Executive Secretary  
13 Nov 86  
Date



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

5258x

October 31, 1986

M-87-9

## MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

FROM:

James A. Baker, III  
Director

James A. Baker, III  
Secretary of the Treasury

DD/A REGISTRY  
FILE: 60-7

SUBJECT:

Credit Management/Debt Collection

Prior to the Reagan Administration, the Federal government focused on expanding programs rather than effectively managing them, resulting in a hodgepodge of inaccurate, out-of-date management systems. This is now coming to an end.

As a result of the President's Management Improvement Program, Reform '88, we have already achieved numerous successes in rectifying many of these management problems and are making good progress towards our 1988 goals. For example, the burden on the public in filling out government forms has been reduced by some 500 million hours; over 150 million copies of useless Federal publications have been eliminated; 421 financial management systems are being reduced and upgraded and a standard general ledger has already been developed; payroll personnel systems are being reduced from 132 to 26 by 1988; and many other activities are under way.

One of our other major priorities -- the improvement of the Federal government's credit management and debt collection -- has already resulted in some impressive gains, but implementation must be speeded up. Delinquent debt is still a major concern.

The need to improve the management of the government's portfolio is all the more important because of its place in the overall context of the Federal presence as the largest financial intermediary in the country with over \$1 trillion in credit allocated between direct loans, guaranteed loans, and loans made by government-sponsored enterprises.

In order to focus better on Federal agency credit management/debt collection practices, the Office of Management and Budget and the Department of the Treasury recently established a joint responsibility for speeding up implementation in this area. A Memorandum of Understanding between the agencies designates Treasury's Financial Management Service (FMS) as the lead agency for these functions.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

October 17, 1986

MEMORANDUM OF UNDERSTANDING BETWEEN  
THE DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET  
AND  
THE UNDERSECRETARY OF THE TREASURY

Purpose:

The purposes of this memorandum are:

1. To confirm the commitment of the Office of Management and Budget and the Department of Treasury to work cooperatively to improve credit management/debt collection in the Federal Government.
2. To designate the Financial Management Service of the Treasury as Lead Agency with operational responsibility for improving credit management/debt collection under the Reform '88 Management Improvement Program.
3. To clarify the roles and responsibilities of the two organizations.

Program Objectives:

The credit management/debt collection program includes direct loans, loan guarantees, installment sales, and other accounts receivable. It focuses on better control of the entire receivables life cycle, including credit extension, account servicing, debt collection and account write-off. The objectives of the program are to improve the credit management and debt collection practices in the Federal agencies and to achieve full implementation of the nine policies enumerated in Circular A-129.

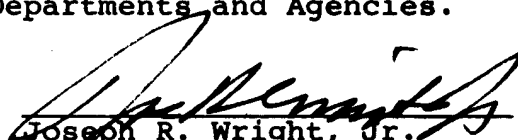
Roles and Responsibilities:

OMB will establish program policy and direction, provide overall guidance, and set broad priorities. OMB will perform its oversight responsibilities through the annual management and budget reviews with the agencies. OMB will ensure that adequate resources to carry out the operational aspects of the program exist in the Financial Management Service.


The Financial Management Service will be responsible for operational policy decisions necessary to assure successful program results. This will include working with the Departments and Agencies to implement needed improvements, tracking agency progress against goals, and providing feedback to OMB.

The Financial Management Service will participate fully in the management reviews dealing with credit/debt collection, and financial systems. FMS will supply OMB with agency profiles containing major components of the credit management/debt collection program. FMS/OMB will also work together on setting priorities for the next two years, and to set quantitative goals for the Departments and Agencies.

Approved:

  
Joseph R. Wright, Jr.  
Deputy Director

Approved:

  
George D. Gould  
Undersecretary of the Treasury